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Water Commission Minutes
Wednesday, July 14, 2021

Approved: 8/25/21

John O'Brien called the hearing to order at 6:00 pm

Other member(s) present: Mat Morton

Meeting held: At the Dunstable Town Hall, 511 Main Street, lower level

In attendance: Brian Palaia, Town Administrator; Harold Simmons, Jim Frey, Advisory Board; David Kimpton; David Simmons; Donald & Kathleen McCormick; Jen West

Public Hearing to Consider Amendments & Additions to the Dunstable Water Department's Schedule of Rates & Fees

Mr. Palaia provided the Commission with information on the proposed rate increases. Various categories will see increases including waterworks, and additional operator expenses. Waterworks will increase by \$8,000, and operator will increase by \$50,000. The biggest driver, however, is the new debt service for the Water Infrastructure Project. That is \$122,702. Now the town agreed to pass a Proposition 2 ½ Override to fund 25 percent of the cost as part of approving the project at town meeting and the ballot box, but this leaves 75 percent to ratepayers. This project was mandated by MassDEP. The loan is for 30 years and has a rate of 2 percent. The payment will be due in January 2022. All 3 tiers will increase substantively, about 150 percent. So Tier 1 will increase from .0126 to .0315 up to 10,000 gallons usage bi-annual. Tier 2 would increase from .0146 to .0365 up to 20,000 gallons usage bi-annual. Tier 3 would increase from .0160 to .0400 for gallons over 20,000. The bi-annual service charge would increase from \$60 to \$100. Therefore the average annual bill would increase from \$1,165 to \$2,586. Mr. Palaia then went over a number of factors including how in the past few years' expenses have continued to exceed funds raised which has resulted in the Annual Town Meeting having to allocate Free Cash or utilize End of Year Transfers by the Board of Selectmen and Advisory Board to fund gaps. There were then some questions about the debt which Mr. Palaia elaborated on. Including explaining how the pandemic has caused the first debt payment to be postponed and some fees for the loan to be waived. There was then a question about the debt exclusion part by Mr. Frey which Mr. Palaia elaborated upon. He explained how that worked and how ratepayers will pay through their rates and their taxes. There was a question about whether some ratepayers may drill their own wells. Mr. Palaia responded that unfortunately the town had no choice. This project had to be done and this is how it has to be paid for. Some people may be able to drill wells, but others likely be unable to do so as a result of their lots being too small to accommodate both septic and a well.

Mr. Frey asked about other options including the proposed Affordable Housing Project and any commercial opportunities to sell water. Mr. Palaia responded that we've had some proposed projects such as a hydroponic lettuce farm, but that company ended up deciding not to grow in New England after a change in CEO's. As to the Affordable Housing Project, that has had to be rebooted and is not likely to occur soon enough to avoid these increases. Mr. O'Brien then reported on other efforts such as trying to locate cellular equipment on the new Water Tower as well as the potential opportunities to help other communities by selling water or services to them. This brought up the PFAS problem in Pepperell. They might need to buy water at some point and that could possibly be an option depending on what pressure they get from DEP and how bad that PFAS problem is. But there have been no formal requests. Mr. Palaia noted that Tyngsborough had been interested in

taking over the water system, but only after the infrastructure project was completed and they would have still expected ratepayers to pay for. There was then a question about any improvements that might result from the Rt. 113 Project. Mr. Palaia responded that we have been able to negotiate some funding for replacement of line and are currently trying to get further funding to increase the amount of pipe and main to be improved. Currently the funds are there for running down Main Street to Hillcrest, but an additional \$475,000 is needed to improve east beyond Hillcrest Street. But that's working its way through the Commonwealth's processes. Mr. Morton elaborated that where the road is being constructed upon and where there is replaced pavement there will be improvements and replacement of pipe. Anything beyond that would be captured in the additional proposed work falling under that \$475,000 figure. We only got the funding for the work definitely being done because of the fact that the road work will involve digging and most certainly will impact the pipe.

Mr. McCormick asked about the mains and the extent of the system which Mr. Harold Simmons elaborated upon as well as Mr. Palaia. Mr. Frey then asked about the fire hydrants. Mr. O'Brien responded that the fire hydrants currently are not in a status to be properly used as fire hydrants. We lack capacity. The Water Tower would have had to be substantially larger. The hydrants are therefore mostly used for flushing. Mr. David Simmons asked why the department didn't go with a bigger tower. Mr. O'Brien elaborated on the calculations behind the decision and why the tank is the size it is. Mr. David Simmons felt that it was shortsighted not to go with a bigger tank. Mr. O'Brien explained that it would have cost a lot more. Mr. Palaia noted that another thing was the funding source. That source is for drinking water only and the town couldn't engineer in expanded fire protection. Ms. West asked about the cellular equipment and why it isn't happening. Mr. Palaia explained how the RFP's went out and what the responses were. The first RFP had a minimum rent amount and that received one negative response so we went back out with a new RFP without a minimum and no responses were received. The primary coverage in town comes from placement of antennas in the church's steeple and the church appears to have responded to the town's RFP's by extending their leases on favorable terms. Mr. Frey noted we did spend some funds on extra brackets for this equipment in the hopes of it going in. Mr. Palaia agreed, but noted that those brackets can allow for the placement of radio equipment for EMS. Mr. O'Brien noted that we've already done the project because we had to do the project and we are basically without choice on this. We've put off this increase as long as we could, and the pandemic helped in a sense as was explained earlier in the hearing by Mr. Palaia, but now we have to do it. Every effort has been made to ameliorate this. It was never the Commission's desire to just increase rates. Mr. McCormick asked if other small towns have handled their proportions like this. Mr. Palaia responded that there isn't a direct comparison to other towns given how unique this system is. It's the smallest non water district directly owned municipal water system. Nonetheless there is usually some give and take.

Mr. O'Brien gave some history on that 75/25 split and his advocacy for a 50/50 split. But at the end of the day it just couldn't pass town meeting while 75/25 could. Mr. David Simmons asked about any other efforts and funding sources. Mr. O'Brien responded there really aren't any and the best we could get from higher government was the low interest loan. Ms. West asked would happen if a lot of ratepayers are able to drill wells. She was concerned about how that would mean higher rates for those left. Mr. Palaia responded that it's an issue and he asked about the cost of just drilling all ratepayers a well instead of the infrastructure project, but unfortunately that wasn't possible given the public school on the system among other issues. Further, as Mr. O'Brien reminded, a number of the ratepayers do not have sufficient land to have a septic and well. Ms. McCormick asked what would happen if we were lucky enough to get a larger user, perhaps commercial, whether rates might be lowered. Mr. O'Brien felt it would be possible. That was, actually, what was hoped would be the case with the proposed hydroponic lettuce farm. They'd have used a large amount of water and could have helped keep the rates down for everyone else. Ms. West asked when these would take effect. Mr. Palaia explained they would take effect by the November bill, but that bill will be blended as part of the bill will be under the old rate for some months and the higher rate for others.

Hearing no other comments from the public the Commission determined to proceed with the rate increase.

A motion was made by Mr. Morton to increase the water rates for Tier's 1, 2, and 3 users by 150% and to increase the service charge from \$60 to \$100 as detailed in the document "Water Rate Increase Analysis" presented at the July 14, 2021 meeting to be effective August 1, 2021. The motion was seconded by Mr. Mr. O'Brien.

A motion to adjourn was made by Mr. Morton at 6:45 pm. The motion was seconded by Mr. O'Brien and passed by majority vote.

Respectfully submitted by

A handwritten signature in black ink, appearing to read "Jakob K. Voelker".

Jakob K. Voelker
Administrative Assistant, Dunstable Water Department